

Message Text

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ORIGIN SS-25

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DRAFTED BY ARA:WDROGERS:MBB

APPROVED BY ARA:WDROGERS

S/S:MR. ORTIZ

ARA:AFISHLOW

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON IMMEDIATE

C O N F I D E N T I A L STATE 027193

EXDIS FOR THE AMBASSADOR FROM ROGERS

E.O. 11652:GDS

TAGS: JM, PFOR

SUBJECT: ROGERS' CONVERSATION ITH MATALON

1. SUMMARY: MATALON CALLED AND AL FISHLOW AND I AGREED TO LUNCH WITH HIM. HE WAS ON HIS WAY FROM LONDON. WE SAID THAT WE SHARED HIS CONCERN ABOUT THE PROSPECTS FOR JAMAICA. AT BEST, WE COULD SUGGEST ONLY A WORLD BANK-LEAD EFFORT TO ANALYZE THE SITUATION AND DESIGN A FIVE-YEAR PUBLIC/PRIVATE PACKAGE.

2. WE WERE MINDFUL OF YOUR INJUNCTION (REFTEL KINGSTON 253) WHEN MEYER CALLED EAGLEBURGER AND ME, BUT WE THOUGHT IT BEST NOT TO TURN HIM ASIDE TOO ABRUPTLY. SO AL AND I MET WITH HIM FOR LUNCH TODAY. HE IS ON HIS WAY THROUGH FROM LONDON.

3. THE PM WANTED HIM TO CALL. (WHOSE INITIATIVE IT WAS MAY BE ANOTHER MATTER.) HE INSISTS THAT THE PM DOES NOT WANT HIS EMISSARY HERE TO KNOW ABOUT THE MEETING JUST YET.

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4. THE PROSPECTS IN JAMAICA ARE GRIM. THOUGH THE BAUXITE NEGOTIATIONS WILL PROBABLY LEAD TO A SATISFACTORY FINAL SOLUTION, THE OVERALL ECONOMIC PICTURE IS A COMPOUND OF

HIGH IMPORT BILLS, IMPORT CONSTRAINTS FEEDING DOMESTIC INFLATION, STAGGERING UNEMPLOYMENT, A PUBLIC BUDGET OUT OF ALL PROPORTIONS TO TAX INCOME, INCREASING LOSS OF CONFIDENCE AND CAPITAL FLIGHT, AND A WEAK HAND ON THE ECONOMIC TILLER.

5. WE SAID THAT THE UNITED STATES JUST DID NOT HAVE THE INSTRUMENTS FOR A PROGRAM LOAN OF THE MAGNITUDE WHICH WOULD BE REQUIRED FOR A SINGLE HANDED SALVAGE JOB. WE MIGHT TALK TO THE WORLD BANK. WE WOULD EXPLORE WITH THE BANK THE POSSIBILITY THAT THE BANK, WHICH HAS BEEN TALKING A GOOD GAME OF PROGRAM ANALYSIS LATELY, MIGHT TAKE ON JAMAICA AS A TEST CASE, TO SEE IF IT COULD REALLY PUT TOGETHER A COMPREHENSIVE PLAN FOR JAMAICA'S ILLS. THE PLAN, OF COURSE, WOULD HAVE TO COMBINE A FAIRLY CLEAN-CUT SET OF INTERNAL MEASURES WITH THE FOREIGN RESOURCES. BOTH THE PUBLIC AND THE PRIVATE FOREIGN SECTORS -- THE IFIS AND THE PRIVATE BANKS -- SHOULD BE INVOLVED. THE PLAN WOULD HAVE SOMETHING LIKE A FIVE YEAR TIME HORIZON. AND IT WOULD GO CONSIDERABLY BEYOND THE PROJECT-BY-PROJECT PROCESS WHICH HAS BEEN THE WORLD BANK'S STYLE TIL NOW.

6. WE PUT THIS IN THE CONTEXT OF SOME FAIRLY STRAIGHT TALK ABOUT THE PRESENT MOOD IN JAMAICA, AND OUR UNCERTAINTY ABOUT THE REAL VIEWS AND INTENTIONS OF THE GOJ. THE ISSUE, FOR US, WE SAID, WAS NOT IDEOLOGICAL. SOCIAL AND ECONOMIC CHANGE WAS ESSENTIAL. THE QUESTION WAS WHETHER THAT PROCESS OF CHANGE WAS TO BE MANAGED EFFECTIVELY, EFFICIENTLY AND REALISTICALLY, OR WHETHER IT WAS TO BE ORGANIZED AROUND A SERIES OF MYTHS WHICH WOULD CONSOLE THE IMPETUOUS BUT DO NOTHING ABOUT THE REAL ECONOMIC ISSUES BEFORE THE COUNTRY.

7. MATALON SAID THAT HE WOULD REPORT TO THE PM. WE SAID THAT IT MIGHT BE POSSIBLE FOR FISHLOW TO COME TO JAMAICA
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FOR SOME VERY QUIET EXPLORATORY TALKS WITH ARTHUR BROWN AND ONE OR TWO OTHERS, BUT THAT WE INSISTED ON BRINGING YOU INTO THE PICTURE. HE WAS DELIGHTED THAT WE SHOULD DO SO, AS LONG AS THIS WOULD NOT RUN THE RISK OF TIPPING OFF OTHERS WITHIN HIS OWN GOVERNMENT. WE ASSURED HIM THAT OUR TELLING YOU WOULD NOT RUN SUCH A RISK.

8. HE HAS THE NEXT MOVE. WE WILL LET YOU KNOW IMMEDIATE-

LY WHEN WE HAVE SOMETHING SUGGESTING AL'S COMING. AL WOULD NOT BE ABLE TO DO SO IN ALL EVENTS FOR ANOTHER TEN DAYS AT LEAST, SINCE HE IS GOING TO LIMA TONIGHT. AL MAY, THOUGH, TALK WITH KRIEGER VASENA ON FRIDAY WHEN AL RETURNS.

9. WE ALSO RAISED THE RICE ISSUE STRONGLY. HE KNOW ALL ABOUT IT, SINCE HE WAS A CHIEF IMPORTER. WE SAID THAT IT WOULD BE CLOSE TO ESSENTIAL TO HAVE SOME MOVEMENT BY THURSDAY WHEN THE SECRETARY TESTIFIES TO THE LONG COMMITTEE. WE POINTED OUT THAT THE ISSUE HAD AROUSED CONSIDERABLE CONCERN, AND CONTAINED THE SEEDS FOR FUTURE DIFFICULTY, SINCE IT COULD INSPIRE A SECTION 301 ACTION. HE SAID THAT HE WOULD GIVE IT TOP PRIORITY ATTENTION AS SOON AS HE RETURNED, IN THE HOPE THERE MIGHT BE SOME POSITIVE MOVE TO REPORT BY THURSDAY. MATALON OR BLAKE WILL BE IN TOUCH WITH YOU.

10. THIS MESSAGE WAS INADVERTENTLY DELAYED IN TRANSMISSION. IT WAS PREPARED ON DATE OF CONVERSATION. THERE IS NO FOLLOW-UP YET. AL FISHLOW WILL SEE KRIEGER ON FRIDAY, FEBRUARY 6. INGERSOLL

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